

MONITORING EXECUTIVE PERFORMANCE

Act 427 of 1973

Monitoring executive performance is synonymous with monitoring organizational performance against policies on *Board Objectives* and *Executive Director Limitations*. Any evaluation of Executive Director performance, formal or informal, may be derived only from these monitoring data.

1. The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled. Information that does not meet this purpose will not be considered to be monitoring. Monitoring will be as automatic as possible, using a minimum of Board time so that meetings can be used to create the future rather than to review the past.
2. A given policy may be monitored in one or more of three ways:
 - A. **Internal Report:** Compliance information prepared by the Executive Director for the Board.
 - B. **External Report:** Compliance information prepared by a disinterested, external auditor, inspector, or consultant who is selected by and reports directly to the Board. Such reports must assess executive performance only against policies of the Board, not those of the external party unless the Board has previously indicated that party's opinion to be the standard.
 - C. **Direct Board Inspection:** Compliance information prepared by a Board member, a committee, or the Board as a whole. This is a Board inspection of documents, activities, or circumstances directed by the Board that allows a "prudent person" test of policy compliance.
3. Upon the choice of the Board, any policy may be monitored by any method at any time. For regular monitoring, however, each *Board Objectives* and *Executive Director Limitations* policy will be classified by the Board according to the following frequency and method:

Policy	Method	Responsi- bility	Frequency	Month Expected
Ends				
Financial Perspective				
Sustain actuarial soundness	External Report	Actuary	Annual	Dec.
Manage contributions effectively	Internal Report	Executive Director	Annual	June
Maximize investment returns . . .	External Report	Investment Consultant	Quarterly	Apr., July, Oct., Jan.
Ensure budget credibility	Internal Report	Executive Director	Annual	June
Customer Perspective				
Promote comparable contribution rates, benefits and services	Internal Report	Executive Director	Annual	June
Increase awareness of trust fund stewardship	Internal Report/ External Audit Report	Executive Director/ Independent Auditor	Annual	June
Promote retirement education and communications	Internal Report	Executive Director	Annual	June
Improve overall service level	Internal Report	Executive Director	Annual	June
Internal-Business Process Perspective				
Administer retirement laws timely, accurately and consistently	Internal Audit Report	Internal Auditor	Annual	June
Provide member benefits and services (1) at a level that promote member satisfaction and (2) in a cost effective manner	Internal Report	Executive Director	Annual	June
Process improvement	Internal Report	Executive Director	Annual	June
Effectively manage new projects and initiatives	Internal Report	Executive Director	Annual	June
Promote effective communication	Internal Report	Executive Director	Annual	June
	Internal Report	Executive Director	Annual	June

Policy	Method	Responsi- bility	Frequency	Month Expected
Learning and Growth Perspective				
Foster a positive, innovative work environment	Internal Report	Executive Director	Annual	June
Employ and retain highly capable employees	Internal Report	Executive Director	Annual	June
Recruit and retain a diverse work force	Internal Report	Executive Director	Annual	June
Enhance training and development opportunities	Internal Report	Executive Director	Annual	June
Executive Director Limitations				
General Executive Constraints	Internal Report	Executive Director	Annual	June
Communication and Counsel to the Board	Direct Board Inspection	Board	Annual	June
Code of Ethics	Internal Report	Executive Director	Annual	June
Compensation and Benefits	Internal Audit Report	Internal Auditor	Annual	June
Staff Treatment	Internal Report	Executive Director	Annual	June
Operations	Internal Report	Executive Director	Annual	June
Risk Management	Internal Report	Executive Director	Annual	June

* Every five years another independent actuary will review the actuarial soundness of the system. (The last five-year actuarial audit was conducted for FY 2006.)

Adopted: June 12, 2002

Removed from APA: December 6, 2005